United Nations

Advisory Committee on Administrative and Budgetary Questions

First report on the proposed programme budget for the biennium 1998-1999

General Assembly
Official Records • Fifty-second Session
Supplement No.7 (A/52/7)

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ABBREVIATIONS

ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDIR	United Nations Institute for Disarmament Research
UNITAR	United Nations Institute for Training and Research
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNU	United Nations University
WFP	World Food Programme

PREFACE

1. The major functions of the Advisory Committee on Administrative and Budgetary Questions, as defined by the General Assembly in its resolution 14 (I) of 13 February 1946, are:

> "(a) To examine and report on the budget submitted by the Secretary-General to the General Assembly;
>
> "(b) To advise the General Assembly concerning any administrative and budgetary matters referred to it;
>
> "(c) To examine on behalf of the General Assembly the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies;
>
> "(d) To consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies."

The Advisory Committee also reports on the financing of peacekeeping operations. In addition, the Advisory Committee reports on administrative budgets and other matters to the governing bodies of UNDP, UNICEF, UNFPA, UNHCR (voluntary funds), UNEP (Environment Fund), the United Nations Habitat and Human Settlements Foundation, UNIDIR, UNITAR, UNU, WFP, the United Nations International Drug Control Programme and UNRWA.

2. Under rule 156 of the rules of procedure of the General Assembly, the members of the Advisory Committee, no two of whom shall be nationals of the same State, shall be selected on the basis of broad geographical representation, personal qualifications and experience.

3. The Advisory Committee has the following membership:

H.E. Mr. C. S. M. MSELLE (Chairman)

Mr. Leonid E. BIDNYI (Vice-Chairman)

H.E. Mr. Ahmad Fathi AL-MASRI

H.E. Mr. E. Besley MAYCOCK

Ms. Norma GOICOCHEA ESTENOZ

Mr. Ioan BARAC

Mr. Mahamane MAIGA

H.E. Mr. Giovanni Luigi VALENZA

Mr. TANG Guangting

Mr. Jose Antonio MARCONDES DE CARVALHO

Ms. Denise Joan ALMAO

Mr. Gerard BIRAUD

Mr. Ammar AMARI

Mr. Syed AKBARUDDIN

Mr. Fumiaki TOYA

Mr. Klaus STEIN

4. The present report contains the conclusions and recommendations arrived at by the Advisory Committee on the basis of the Secretary-General's proposals for the programme budget for the biennium 1998-1999, supplemented, to the extent possible, by additional information supplied orally or in writing by representatives of the Secretary-General. As in the past, provision is made in certain sections of the proposed programme budget for the biennium 1998-1999 for expenditures to which some Member States have objections in principle. Some members of the Committee have repeated those objections and stated their reasons therefor. At the same time, the Committee considered that the controversy concerning such items does not fall within the province of the Advisory Committee, which under rule 157 of the rules of procedure is "responsible for expert examination of the programme budget of the United Nations".

C. S. M. MSELLE
Chairman

Chapter I

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

General observations

Conditions affecting the Advisory Committee's consideration of the proposed programme budget for the biennium 1998-1999

1. The Advisory Committee started its consideration of the proposed programme budget for the biennium 1998-1999 at the end of May 1997. The very late availability of the budget fascicles, the last of which was received by the Committee on 2 July 1997, forced the Committee to extend its spring session to 1 August 1997 in order to complete hearings on the proposals. The report of the Advisory Committee was drafted in August 1997, during which time a great deal of additional information required by the Committee was also sought, but, as indicated below, was not always received. Under these circumstances, the Advisory Committee could only start to consider its draft report in September 1997. In order to allow the speedy release of chapter I of the Committee's report, the Committee has decided to issue chapter II, containing detailed comments on the individual sections, separately.

2. Traditionally (as was the case in 1995 for the proposed programme budget for the biennium 1996-1997), the Advisory Committee is able to start its work on the proposed programme budget at the very beginning of May and is able to finish by mid-July. The Committee regrets that the circumstances described above did not allow such a proceeding. In this connection, the Committee recalls the requirements of financial regulation 3.5 and rule 103.5.

3. On 16 July 1997, the Secretary-General announced a programme for reform of the United Nations (A/51/950). The Advisory Committee understands that the related financial and programme budget implications will be available in the autumn of 1997. This situation has greatly complicated the task of the Committee in reviewing the Secretary-General's proposals for 1998-1999 and in submitting its report in a timely manner. Indeed, it will not be until after September 1997 that a complete picture of the Secretary-General's proposals will emerge. This, in turn, will greatly compress the time available for the Fifth Committee to consider and make its own recommendations on the various proposals related to budgetary requirements for the biennium 1998-1999.

Recent changes related to the programme budget process and procedure

4. The Advisory Committee fully shares the view of the Secretary-General in paragraph 45 of his report on renewing the United Nations: a programme for reform (A/51/950) that few institutional mechanisms have a greater impact on the strategic functioning and direction of any organization than its budgetary process.

5. The Committee points out that the medium-term plan for the period 1998-2001, as adopted by the General Assembly in its resolution 51/219 of 18 December 1996,[1] would require detailed objectives and activities to be contained in the proposed programme budget rather than in the medium-term plan. It also notes that there is now a clearer correspondence between the programmes of the medium-term plan, the Secretariat structures and the programme budget sections, thus allowing for a greater accountability of the programme managers for the implementation of the related activities. This should also allow for

better monitoring of programme implementation and improved presentation for performance reporting.

6. The situation that prevails in the consideration of the proposed programme budget for the biennium 1998-1999 (A/52/6) is more or less similar to the difficult circumstances under which the proposed programme budget for the biennium 1988-1989 was issued and considered (see para. 9 of the Committee's first report on the proposed programme budget for the biennium 1988-1989).[2] The proposed programme budget for the biennium 1994-1995 was also considered under difficult circumstances (see paras. 6, 7 and 9 of the Committee's first report on the proposed programme budget for the biennium 1994-1995).[3] The proposed programme budget for the biennium 1996-1997, although submitted in a timely manner, was adopted by the General Assembly under exceptional and difficult circumstances.

7. This Organization has been in an almost constant state of re-organization and financial difficulties since 1987 - 10 years. The preparation, approval and implementation process of the budget has become disorganized and the application of General Assembly resolution 41/213 of 19 December 1986 and the Financial Regulations has come under severe pressure; it has become increasingly difficult for the Advisory Committee and the Fifth Committee to discharge their respective functions properly. The constant state of financial difficulties, a very lengthy period of transition and the crippling effect of serious time constraints on all participants in the legislative process has led to a situation where budgetary approval comes about not as the result of an orderly process but rather as an achievement arrived at in an ad hoc manner often in the absence of sufficient data, analysis and justification. Decisions and resolutions arrived at under great pressure in the effort to achieve compromise have become increasingly complicated and ambiguous.

8. If this situation continues there is a danger that the balance between the role of the Secretariat and the various organs of the United Nations, as embodied in the Charter, will not function as intended. In this connection, the Advisory Committee notes paragraph 48 of the report of the Secretary-General (A/51/950), which reads:

> "The Secretary-General proposes that the General Assembly review the current distribution of functions and responsibilities between the two,with a view to restoring the balance that was envisioned when the Organization was established. He would welcome the opportunity to offer suggestions to the General Assembly in this regard."

The Committee believes that its comments above and in the paragraphs that follow should be borne in mind when considering proposals of the Secretary-General in this regard.

9. The Committee notes that a change is emerging in the process by which the proposed programme budget has hitherto been constructed and considered. Traditionally, the Secretary-General has prepared his budgetary proposals by costing mandated programmes with reference to an outline previously approved by the General Assembly by consensus. This is in accordance with Assembly resolution 41/213, which has been regularly reaffirmed. In its resolution 50/214 of 23 December 1995, the Assembly decided on an overall appropriation level for the programme budget for the biennium 1996-1997 that was below the respective budget outline, with the proviso that all approved programmes and mandates should be fully implemented. Since no prior analysis was made to ascertain whether the agreed budget level and full implementation of mandated

programmes were compatible, there is no way of knowing whether this proviso can be honoured.

The impact of savings and efficiency measures on the implementation of mandated programmes and activities

10. The Advisory Committee has pointed out that the United Nations administration has not been able to demonstrate that the effect of financial savings (principally, reductions in staff) on the quality of programme delivery can be mitigated through commensurate efficiency gains.[4] The Advisory Committee has also stated on a number of occasions that significant budgetary reductions cannot be achieved without service reductions, delays and postponement of programmes.[5] In this connection, the Advisory Committee recalls the statement of the Secretary-General in his report of 28 August 1996 (A/C.5/50/57/Add.1, para. 10), in which the negative impact on the delivery of a number of services and outputs is described. Indeed, neither the proposed programme budget for the biennium 1998-1999, nor the report on the review of efficiency (A/51/873) or the report on programme performance (A/C.5/51/53) support the claim that the full programmes and mandates called for by legislative bodies can in fact be carried out.

11. In 1996-1997, the Secretary-General should also have given a clearer explanation and analysis of how the savings required during that biennium by General Assembly resolution 50/214 were implemented. In order to comply with the General Assembly's oft-stated requirement since 1995 that full implementation of mandated programmes must not be affected, it should have been specifically demonstrated how greater efficiency avoided a negative impact on programmes; if this could not be done, it should have been openly stated.

12. In this connection, the Committee reiterates its previous statement that, should the Secretary-General be of the view that certain activities should no longer be carried out, or should be modified, or that priorities should be reordered so as to achieve the desired level of savings, it is incumbent upon him to make the necessary programmatic proposals to the General Assembly.[6] The Committee points out that the annex to the proposed programme budget for the biennium 1998-1999 on outputs deferred, postponed or curtailed in 1996-1997 and their disposition in 1998-1999 (A/52/6 (Part one) (Annex)) is a listing without any quantitative or qualitative analysis or justification.

Efficiency reviews

13. The Advisory Committee has continually demonstrated its concern for greater efficiency and the streamlining and reform necessary to achieve that goal. In this connection, in its report on the budget estimates for 1948, the Committee expressed the view that:[7]

> "In an organization, it is salutary to have a budget which has elements of stringency. The quality of an organization will improve if its officials are under pressure to use resources wisely".

In paragraph 18 of its first report on the proposed programme budget for the biennium 1996-1997,[8] the Advisory Committee stated its belief that the budget base should be critically scrutinized to ensure that it contained only those resources required to meet continuing needs.

14. The plans of the Secretary-General as they existed at the time of the preparation of the proposed programme budget for the biennium 1996-1997 have

been affected by the decisions of the General Assembly in its resolutions 50/214 and 50/215 of 23 December 1995, in which it approved the programme budget for the biennium 1996-1997. In its resolution 51/220 of 18 December 1996, the Assembly approved a budget outline for the biennium 1998-1999 on a different basis from that which had been proposed by the Secretary-General. Since then, the new Secretary-General has also announced his plans for reform and re-organization.

15. It is the view of the Advisory Committee that for efficiency measures to be successful, certain commonly recognized conditions must be fulfilled. These include:

(a) A climate of confidence between the Secretariat and Member States;

(b) The commitment and involvement at all levels of the staff of the Organization;

(c) A willingness to receive innovative proposals;

(d) Proper planning and assessment of each proposal, including the potential impact on programme delivery;

(e) The necessary resources required for implementation;

(f) A realistic time-frame for implementation;

(g) A means of measuring the expected short- and long-term benefits;

(h) A credible means of reporting.

16. In the opinion of the Advisory Committee, a number of these conditions were not met in the context of the managerial reform of 1996-1997, thus crippling its results. In this connection, the Committee recalls its previous comments as contained in paragraphs 44 to 47 of its first report on the proposed programme budget for the biennium 1996-1997.[9]

17. The challenge to the Secretariat is to develop the mechanisms to achieve efficiency, including how to assess the technical viability of the various proposals being considered and how to ensure coordination, transparency and the involvement of Member States. There is also a need to proceed in an orderly manner.

18. At the 59th meeting of the Fifth Committee, during the fifty-first session of the General Assembly, the Chairman of the Advisory Committee, in response to queries, indicated that the Committee would be examining the report entitled "UN 21 - Accelerating Managerial Reform for Results", submitted to the General Assembly by the Secretary-General in his letter dated 21 April 1997 to the President of the Assembly (A/51/873), in conjunction with its examination of the proposed programme budget for the biennium 1998-1999. In particular, the Committee would seek to verify the savings indicated in that report in the context of the various sections and departments (see A/C.5/51/SR.59). Such an examination was made during the Committee's hearings and is reflected in chapter II of the present report.

19. In the opinion of the Advisory Committee, the above-mentioned report, by its very nature, is not a budget document. Analysis of the report was made very difficult by the fact that it does not distinguish between regular budget,

extrabudgetary and peacekeeping expenditures and that it mixes, without clear identification and explanation, mandated budget cuts (such as those called for by the General Assembly in its resolution 50/214) with unspent, although approved, resources as well as expenditures that have been avoided. The Advisory Committee was informed in a number of instances that many of the estimates of cost reduction were notional. In this connection, the Advisory Committee points out that there is a difference between demonstrated true savings as against actual past or current appropriations and expenditures and the notional value of what might have been spent if something had or had not been done. Moreover, a true saving is achieved by reducing costs while continuing to produce the same or better programme results.

20. More detailed comments of the Advisory Committee on the report contained in the letter of the Secretary-General (A/51/873) are contained in chapter II; in some areas, the discussion is extensive - as, for example, with regard to the pilot projects in ECLAC and for the United Nations Office at Vienna and conference services. As can be seen from the specific discussion of individual sections under chapter II, in many cases examination of the statements in the report failed to establish the extent to which savings had specifically been taken into account in the formulation of the proposed programme budget for the biennium 1998-1999. There is almost no specific reference in the proposed programme budget to the impact of the efficiency savings on the estimates, although the Committee recognizes that not all proposed efficiency gains will touch on mandated programmes or require the approval of the intergovernmental machinery. Indeed, it appears to the Committee that, the budgetary reductions having already been decided upon by the General Assembly, many of the efficiency savings may be more in the nature of a response to the requirement to manage within reduced resources than the results of true increases in productivity. It remains to be seen whether these efficiency gains are sufficient in all cases to preserve high-quality programme implementation in the face of cost cutting.

21. In the opinion of the Advisory Committee, whether a budget is expanding or contracting, the strict requirements of budget analysis and justification must be maintained in accordance with a sound and well understood methodology that is consistently applied. A lowering of the standards that permit rigorous budget scrutiny and that ensure informed legislative oversight and decision-making must not be permitted. An economy that results in an unacceptable inferior product or lower standard of service is a false economy and the General Assembly must be given the technical data to assure itself that the estimates contained in the proposed programme budget are realistic and reliable.

Impact on mandated programmes and activities

22. As noted in paragraph 11 above, since 1995 calls by the General Assembly for reduced expenditures have been accompanied by the demand that there be full implementation of all mandated programmes. In order to assure itself of the foregoing, the Assembly has, on several occasions, requested reports on programme performance; these requests are described in paragraphs 1 to 4 of the report of the Secretary-General on the impact of approved savings measures on the implementation of mandated programmes and activities (A/C.5/51/53).

23. For its part, the Advisory Committee has consistently requested a proper analysis of the effect of budget reductions on programmes and activities. In its seventeenth report to the General Assembly at its fiftieth session, the Advisory Committee stated the following:[10]

"In order to allow for an evaluation of the Secretary-General's proposals, quantified information should have been supplied that could have been correlated to the narrative portions of the report. This lack of correlation does not allow the General Assembly to determine whether delays and postponements in delivery of programmes and reduction in quality/timeliness of support to intergovernmental organs are compatible with the terms of section II, paragraphs 4 and 6, of its resolution 50/214, which state that changes in mandated programmes and activities are the prerogative of the Assembly and that savings in the proposed programme budget for the biennium 1996-1997 will not affect the full implementation of mandated programmes and activities."

24. In its second report on the programme budget for the biennium 1996-1997 the Advisory Committee, commenting on the Secretary-General's progress report on the programme budget for the biennium 1996-1997 (A/C.5/50/57/Add.1), indicated that although the proposed reductions were presented in what appeared to be a programmatic format, very little information was available on the related budgetary consequences, on why these particular changes were being proposed and on the impact of the changes on programme delivery.[11] In paragraphs 9 and 10 of the same report, the Committee stated its opinion that the Secretary-General's report had not made clear how the numerous deferrals, delays, postponements and cancellations in the approved programmes would affect the ability of the United Nations to carry out the mandates entrusted to it by the competent intergovernmental organs. The Committee also indicated that the Secretary-General's report left unclear whether the proposed changes in programmes were arbitrary or fortuitous in nature or whether they were the result of a determination based on a qualitative analysis, either by the Secretariat or through intergovernmental review.

25. In the opinion of the Advisory Committee, the report on the impact of approved savings measures on the implementation of mandated programmes and activities (A/C.5/51/53) does not represent much of an improvement for analysis in this area. The report is very general in nature and yet a number of statements are made, which despite the palliative intent of the last two sentences of paragraph 10 of the report, should give rise to concern.

26. For example, under section 2, it is indicated in paragraph 15 that if the measures taken were continued for too long, this would affect the Department's ability to develop comprehensive approaches to addressing political issues, under section 3, it is stated that owing to a lack of staff resources, the Department of Peacekeeping Operations had not been able to manage peacekeeping operations effectively and, in some cases, had limited its efforts to provide an adequate crisis response. Under section 17, it is stated that the increased workload for the existing staff did not allow for full response to additional demands of Member States and affected the quality and timeliness of outputs.

27. The statements of the Advisory Committee that reductions of the magnitude called for could not be achieved without service reductions and delays and postponement of programmes and that a deterioration in quality of services and timeliness of delivery would also be involved[12] (see also para. 10 above) appear to have been borne out by events.

28. Important new initiatives are proposed in the report of the Secretary-General on reform (A/51/950). This report was issued near the end of the Advisory Committee's spring session. The Committee intends to take up the Secretary-General's proposals for reform concerning administrative, organizational and management issues in the context of revised estimates to be

submitted to the General Assembly at its fifty-second session. In the opinion of the Committee, it will be difficult to consider many of these proposals adequately, including the reduction of administrative costs (with reprogramming of the savings), and "result-based" budgeting, unless a reliable system is developed to measure the impact of budgetary change on programme delivery.

29. The Advisory Committee recognizes, however, that more also needs to be done to improve the format of the programme budget so as to enable an analysis of the basic resources required to implement each mandated programme or activity to the satisfaction of Member States, and to permit subsequent incremental reductions or increases to be compared for their impact on programme delivery.

Further measures

30. In the opinion of the Advisory Committee, legislators must be given the data and analysis necessary for them to reach an informed decision. To that end, the Advisory Committee recommends the following:

(a) An analysis of the effect of efficiency and other measures on programme delivery should be undertaken in the context of the second performance report and the programme performance report. Also, means should be found to allow an integrated evaluation of those reports. The analysis should, inter alia, document and justify claims such as those made in the letter dated 21 April 1997 from the Secretary-General to the President of the General Assembly (A/51/873) in strict budgetary terms by source of funding (regular budget, extrabudgetary resources or support account for peacekeeping operations), taking into account the comments and observations of the Advisory Committee and such further guidance as the General Assembly may wish to give. Projected savings should be clearly identified as arising from either the elimination of duplication, the proposed termination of marginally useful programmes or the demonstrated achievement of greater productivity. The programme analysis should be along the lines repeatedly called for by the Advisory Committee and the Assembly; the effect of budget reductions on programmes should be explained both in terms of volume and quality;

(b) The idea of "result-based" or "output" budgeting, as put forward in paragraphs 45 and 46 of the report of the Secretary-General on renewing the United Nations: a programme for reform (A/51/950) needs to be followed up with a detailed report that would include an explanation and justification of the proposed change, and of the new methodology to be used, as well as a mock-up of such a budget. In that connection, the Advisory Committee recalls paragraph 21 of General Assembly resolution 51/221 B of 18 December 1996, in which the Assembly decided that no changes to the budget methodology, to established budgetary procedures and practices or to the financial regulations can be implemented without prior review and approval by the General Assembly, through the Advisory Committee, in accordance with agreed budgetary procedures. The Advisory Committee expects that the Administration will comply fully with that decision and that until the Committee receives the mock-up no change will be made. There should also be an indication of what regulations, procedures and information systems (including performance indicators) should be in place before the introduction of output budgeting. Detailed proposals should also be submitted for approval by the General Assembly in respect of any other budget innovations that may be contemplated before these ideas are implemented. As indicated in paragraph 45 below, the requested analysis of the "net budgeting" concept still has not been received. The Advisory Committee's comments on plans to promote greater flexibility and the "charge-back" concept are discussed in chapter II with regard to the pilot projects at the United Nations Office at

Vienna, ECLAC and in conference services. The treatment of common and joint services such as those at the Vienna International Centre is also discussed in chapter II;

(c) The proposal for a one-third reduction in administrative expenses, as put forward in the three related reports (see A/51/829, A/51/873 and A/51/950), needs to be followed by a detailed report, which would:

(i) Define administrative expenses and "non-programme" costs;

(ii) Back up with a sound technical justification the assertion that these expenses comprise 38 per cent of the budget;

(iii) Indicate a concrete plan and timetable for the phasing-in of this reduction each year until the end of 2001;

(iv) Indicate measures to be taken to effect the reduction, for example, streamlining, merging of Secretariat units and simplification of processes;

(v) Indicate the impact of such a reduction on support and other services to programmes and to United Nations operations and how it could be ensured that these will not have an adverse effect on the control and oversight capacity of United Nations bodies;

(vi) Describe the procedures that would be put in place to redeploy savings and to determine how such savings would be spent;

(d) The Secretariat should be held strictly accountable for the timely submission of requested documentation, thus helping to assure a thorough, orderly review and consideration by the General Assembly and its subsidiary organs.

31. In the opinion of the Advisory Committee, there is also the need to correct a recent tendency to confuse parliamentary documentation with documents for the public. Parliamentary documents prepared by the Secretariat for legislative decision-making are for Member States; there is a separate system for informing the public and the information requirements for each are quite distinct. Proposals in parliamentary documentation meant for Member States must be supported by technical analysis and justification; broad statements and anecdotal evidence are not sufficient. In addition to the foregoing, measures are also needed to correct an impression that has arisen in the General Assembly in recent years that the legislative process is, on occasion, in danger of being compromised by some of the efforts to gain broad public acceptance for the Secretariat's initiatives. It is, of course, well understood that wide dissemination and explanation of policies and practices of the Organization, as approved by the competent legislative body, is an activity to be encouraged, in particular by the public information services of the United Nations. However, the Secretariat, especially programme managers, should also bear in mind that the consideration of proposals from the Secretariat is the prerogative of all Member States.

Overall position of the Advisory Committee on the initial estimates for the biennium 1998-1999

32. As can be seen from the preceding paragraphs, there are numerous uncertainties remaining with regard to the proposed programme budget for the biennium 1998-1999. Chief among these is the impact the proposals for reform may have on the estimates for 1998-1999 once those proposals have been acted upon by the General Assembly.

33. The specific observations and recommendations of the Advisory Committee under the individual sections of the budget, which will appear in chapter II of the present report, are directed mainly at the management of change, at what is needed to promote the full and efficient implementation of the various legislative mandates and directives. In addition, the Committee has made specific recommendations on the Secretary-General's proposals for new posts and for reclassifications, as well as under other objects of expenditure. The Committee will submit its preliminary recommendations on the initial overall level of the proposed programme budget for the biennium 1998-1999 in the context of chapter II. The Committee will, of course, revert to the proposed programme budget for the biennium 1998-1999 when it further examines the Secretary-General's proposals for reform contained in his report (A/51/950), the related revised estimates as they reflect such action as the General Assembly may have taken on those proposals and other relevant reports. These include the report of the Secretary-General on proposed measures to deal with the impact of fluctuations on currency and inflation (subsequently issued as A/C.5/51/57), which was not available when the Advisory Committee considered the initial estimates for the biennium 1998-1999, and the report of the task force on the reorientation of the United Nations public information activities. The Committee recalls that the report on currency and inflation was requested by the General Assembly in paragraph 10 of its resolution 51/220, and was to be submitted to the Committee no later than 31 May 1997.

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

34. For the biennium 1998-1999, the Secretary-General proposes a programme budget in the amount of $2,582,999,800 for the expenditure sections and $369,512,100 for the income sections. On a net basis, the estimates for 1998-1999 amount, therefore, to $2,213,487,700. In the following table the estimates for 1998-1999 are compared with the revised appropriations for 1996-1997, as approved by the General Assembly in its resolution 51/222 of 18 December 1996, and with the actual expenditure in the biennium 1994-1995.

Proposed programme budget, 1998-1999

(Thousands of United States dollars)

	Actual expenditure and income 1994-1995 (1)	Revised appropriation 1996-1997 (2)	Estimates 1998-1999 (3)	Total increase 1998-1999 over 1996-1997 Col.(3)-(2) (4)	Total increase 1998-1999 over 1996-1997 Col.(4)/(2) percentage (5)
Expenditure	2 632 016.5	2 603 280.9	2 582 999.8	(20 281.1)	(0.8)
Income	448 966.6	447 737.6	369 512.1	(78 225.5)	(17.5)
Net	2 183 049.9	2 155 543.3	2 213 487.7	57 944.4	2.7

35. The Secretary-General's programme budget proposals for the biennium 1998-1999 cover the regular budget of the Organization. The estimates of extrabudgetary resources that are likely to be available to the United Nations in the coming biennium are also given; updated figures provided to the Advisory Committee on the data from table 1 of the introduction to the proposed programme budget (A/52/6 (Part one) (i)) indicate a total of $4,350,129,500, comprising $361,444,000 for support, $306,921,700 for substantive activities and $3,681,763,800 for operational activities. The grand total, including the net estimate for the regular budget, is therefore $6,563,617,200.

36. The estimates do not include the costs of peacekeeping operations and the International Tribunals for the Former Yugoslavia and Rwanda, which are funded separately. The Advisory Committee was informed that for 1996-1997 actual and projected assessments on Member States in respect of peacekeeping operations, excluding the costs for special missions covered under the regular budget, are expected to total $2.5 billion.

Format

37. The Advisory Committee notes that the format of the proposed programme budget for the biennium 1998-1999 remains basically unchanged from that of 1996-1997. In this connection, the Committee recalls that it recommended, in the context of its review of the proposed programme budget for the biennium 1996-1997, that a complete set of organigrams (including one for the Organization as a whole) be provided in part two for each organizational unit, both for present and proposed structures. The Committee received organigrams during the consideration of the individual sections of part two and understands that these will be incorporated in the revised text of the proposals. In this connection, the Committee reiterates its call for the Secretary-General[13] to

> "explain better the rationale adopted for the present administrative structure of the Secretariat, including definitions for the different administrative units (divisions, branches, services, sections, etc.), the criteria for their establishment and operations and how they relate to each other. A better definition of the administrative units would make more transparent the rationale for the grading of the staff in charge of each unit".

38. The Advisory Committee notes that the recommendation it made in paragraph 6 of its first report on the proposed programme budget for the biennium 1996-1997,[8] to identify estimates for hospitality separately, has been followed.

The Committee notes a certain lack of uniformity in the presentation of various expenditures: in some sections of the programme budget a particular expenditure is presented under the programme of work and in other sections that expenditure is reflected under programme support. The Committee requests the Secretary-General to ensure full uniformity in the presentation of various expenditures in the next programme budget.

39. The Advisory Committee has a number of additional comments to make following its consideration of the estimates for the biennium 1998-1999. The Committee points out that the programmatic, administrative and budgetary reasons for and the effect of many of the numerous organizational changes that have already taken place have not been sufficiently highlighted or explained in the proposed programme budget for the biennium 1998-1999, thus making it difficult to understand the estimates. Of course, at the time these estimates were prepared there was still much to be done concerning further organizational changes, a number of which have now been announced or proposed in the report of the Secretary-General (A/51/950). The Committee expects that the revised estimates, to be submitted to the General Assembly during its fifty-second session, will contain a complete explanation of all relevant organizational changes.

40. The Advisory Committee believes that it would be useful for the proposed programme budget to contain a summary of relevant recommendations of the Committee, as approved by the General Assembly, and in each case the action that has been taken; this is currently being done in reports on the financing of peacekeeping operations. In order to allow for a more in-depth examination of the impact of budget changes on programmes, proposals under the various sections of the budget should include much more specific information on outputs, including a tabular summary of all quantifiable outputs; this should be available as a basis for future performance appraisals by the Assembly. In the opinion of the Committee, there is a need to review the presentation of those budget sections in which the bulk of resources are extrabudgetary and are under the supervision of intergovernmental bodies to which the Committee reports separately. The budget narratives in those sections should be streamlined, with the focus on how the regular budget supports the extrabudgetary operations. The tabular presentation of statistical information should remain.

41. In order to streamline the narration, efforts should be made not to repeat information already contained in tabular form. The budget presentation can be further improved if it includes specific information on the cost to the United Nations for data access. The Advisory Committee notes that the budgetary treatment of gratis personnel will be in accordance with such decisions as the General Assembly may take at its resumed fifty-first session.

Methodology

42. As indicated in paragraph 175 of the introduction to the proposed programme budget (A/52/6 (Part one) (i)), the methodology followed for the preparation of the proposed programme budget is the same as that used for the previous biennium and endorsed by the General Assembly in section III of its resolution 47/212 A of 23 December 1992. However, one change has been made whereby the use of a delayed recruitment factor (50 per cent for new posts in the Professional category and above and 35 per cent for new General Service posts) has been dispensed with so that all posts, existing and new, are costed at a rate of 95 per cent for posts in the Professional category and above and 97.5 per cent for General Service posts (see paras. 57 and 58 below). The Advisory Committee also observes that as the number of 10 new posts proposed for 1998-1999 is low

relative to the total number of existing posts proposed for continuation, the change has only a negligible effect on the level of the overall estimates submitted. Under the circumstances, the Committee will not interpose an objection at this time. However, the matter should be kept under review and the delayed recruitment factor should be reinstituted in future bienniums should there be proposals for large numbers of new posts.

Net budgeting

43. In paragraph 12 of the introduction, the Secretary-General indicates that the proposed programme budget includes provision for net budgeting for the International Civil Service Commission and its secretariat, the Joint Inspection Unit and its secretariat and the services provided by the United Nations at the Vienna International Centre. Provisions for those activities were previously presented in programme budgets on a gross basis under the relevant expenditure sections with the corresponding reimbursement income from participating agencies shown in income section 2.

44. Although these proposals would significantly affect a number of individual sections or subsections of the programme budget, as well as the overall level of expenditures and composition of the regular budget, virtually no explanatory information is provided beyond the statement that the change in presentation "leads to a reduction of $39.2 million". The Advisory Committee notes that the proposals follow suggestions made to the General Assembly at its fifty-first session in the context of the proposed programme budget outline for the biennium 1998-1999 (A/51/289). The Committee points out that in response to the proposal to present only net United Nations requirements in the relevant expenditure sections for jointly financed activities, the Committee had reported that the related reduction resulting from the introduction of net budgeting would not represent a real decrease in the overall budget since under the current procedure that amount was recovered in any case and shown under income section 2 (A/51/720, para. 6).

45. The Advisory Committee recalls that, in the same report (ibid., para. 7), it had requested that the Secretary-General seek approval prior to submission of the proposed programme budget for the biennium 1998-1999 by way of a policy paper detailing implications, if any, with respect to the statutes of the Joint Inspection Unit and the International Civil Service Commission. No paper was provided and in the absence of any specific decision by the General Assembly the same issues remain outstanding. Among them, for example, are the requirements of article 20 of the statute of the Joint Inspection Unit and of article 21 of the statute of the International Civil Service Commission that their respective budgets be included in the regular budget of the United Nations. Another is the question of a legal basis for the United Nations, in the absence of an appropriation, to advance funds to the entities concerned, pending receipt of contributions from the participating agencies. Since the Assembly would only appropriate an amount equivalent to the United Nations share of the budgets of those entities, some mechanism would have to be found to enable the United Nations to continue its current funding practices for them. The Committee reiterates the request made in its report (A/51/720) that the Secretary-General be requested to produce proposals to ensure the required cash flow for the entities concerned; he should also address the issue of the status of the budgets of the International Civil Service Commission and the Joint Inspection Unit as now presented in the new budget format vis-à-vis the requirements of their respective statutes. A clear format for the presentation of the related budgetary proposals (including relevant staffing tables) also needs to be developed (see para. 71 below). Pending the receipt of the requested report and

a specific decision by the Assembly on the concept of net budgeting, the status quo should be maintained.

46. In paragraph 20 of its first report on the proposed programme budget for the biennium 1996-1997,[9] the Advisory Committee pointed to the need for clear criteria to govern future proposals for "contracting out". This subject is discussed in greater detail under section 27 D of chapter II.

47. The Advisory Committee recalls its statement in paragraph 23 of its first report on the proposed programme budget for the biennium 1996-1997[9] that:

> "There is a need to recall again (as it did in paragraph 16 of its first report on the proposed programme budget for 1994-1995) the provisions of section VI of resolution 45/248 B of 21 December 1990, in which the General Assembly:
>
> "'1. Reaffirms that the Fifth Committee is the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters;
>
> "'2. Reaffirms also the role of the Advisory Committee on Administrative and Budgetary Questions;
>
> "'3. Expresses its concern at the tendency of its substantive Committees and other intergovernmental bodies to involve themselves in administrative and budgetary matters;
>
> "'4. Invites the Secretary-General to provide all intergovernmental bodies with the required information regarding procedures for administrative and budgetary matters.'"

ANALYSIS OF EXPENDITURE ESTIMATES FOR THE BIENNIUM 1998-1999

48. As noted in paragraph 34 above, expenditure estimates for the biennium 1998-1999 amount to $2,582,999,800 (taking into account "net budgeting"), as compared with revised appropriations of $2,603,280,900 for the biennium 1996-1997, approved by the General Assembly in its resolution 51/222. This represents a decrease in nominal terms of $20,281,100 or 0.8 per cent (a resource reduction of $124 million or 4.7 per cent and a recosting increase of $104 million). It compares with a nominal increase of $78,793,400 or 3.0 per cent for the initial estimates for the biennium 1996-1997 over the revised estimates for the biennium 1994-1995.

49. The calculation of the level of the proposed programme budget for the biennium 1998-1999 is shown below:

	Thousands of United States dollars	Percentage
1996-1997 revised appropriation (General Assembly resolution 51/222)	2 603 280.9	100.0
Budgetary growth	(123 982.3)	(4.8)
Provision for recosting, i.e., exchange rate adjustment of 1997 over 1996 and projected inflation in 1997, 1998 and 1999 (see paras. 63 and 64 below)	103 701.2	4.0
Proposed programme budget for the biennium 1998-1999	2 582 999.8	99.2

50. The budget resource reduction of $123,982,300 can be broken down as follows:

	United States dollars
Provisions not carried over from 1996-1997	(56 416 700)
Delayed impact relating to new posts in 1996-1997	7 670 000
Application of the new standardized vacancy rates (see paras. 57 and 58 below)	88 180 800
Reductions in the proposed programme budget	(163 416 400)
Total	(123 982 300)

Provisions not carried over

51. Provisions of $56,416,700 not carried over from the biennium 1996-1997 include the following:

Description	Thousands of United States dollars
Special missions	49 789.1
Global conferences	
United Nations Conference on Human Settlements (Habitat II)	680.5
Combating desertification	1 842.1
International Seabed Authority	3 993.7
International Court of Justice	111.3

52. The bulk of items not carried over from the biennium 1996-1997 relate to special missions, which were provided for under section 3 of the programme budget. Provisions for a total of 19 ad hoc missions were approved by the General Assembly at either its fiftieth or fifty-first session. Seven of these missions, representing $47.2 million of the costs not carried over, were authorized on the basis of either Security Council or General Assembly mandates. The remaining 12 ad hoc missions, costing a total of $2.6 million, were relatively much smaller in size and had been authorized by the Secretary-General under the authority granted to him by the Assembly in its resolutions on unforeseen and extraordinary expenditures. These missions were reported to the Assembly at its fifty-first session in the context of the first performance report for the biennium 1996-1997.[9]

53. As to the provisions not carried over in respect of global conferences, it may be noted that, as the United Nations Conference on Human Settlements (Habitat II) was held in 1996, no further requirements will arise in this respect in the forthcoming biennium. The amount of $1.8 million not being carried over in respect of desertification reflects the current expectation that, pursuant to the provisions of General Assembly resolution 51/180 of 16 December 1996, there will be no further need to fund the Interim Secretariat of the United Nations Convention to Combat Desertification beyond the end of 1998.

54. Approximately $4 million of costs in respect of former section 33 will no longer be required in the forthcoming biennium as a result of the International Seabed Authority's assuming full responsibility for its own financing as an autonomous entity.

55. The 1996-1997 provision of $111,300 for International Court of Justice costs not carried over reflects the appointments of ad hoc judges in four cases, as reported to the General Assembly in the first performance report for the biennium 1996-1997.[9]

Delayed impact

56. Delayed impact relating to new posts in the biennium 1996-1997, which amounts to $7.7 million, became a mandatory increase in the biennium 1998-1999 after the General Assembly adopted the recommendation of the Advisory Committee to discount a provision for delayed recruitment of staff in connection with new posts approved for the biennium 1994-1995. The delayed recruitment factor is 50 per cent for posts in the Professional category and above and 35 per cent for posts in the General Service and related categories, in 1996-1997, but as indicated under the discussion of methodology above, is being dispensed with for 1998-1999.

New vacancy rates

57. Application of the new standardized vacancy rates accounts for an increase of $88.2 million. The revised vacancy rates proposed by the Secretary-General for the biennium 1998-1999, at 5 per cent for the Professional category and above and 2.5 per cent for General Service and related categories, are lower than in the recent past. The new rates, as proposed, compare with an across-the-board rate of 6.4 per cent utilized in costing the initial 1996-1997 appropriation. The rates may also be compared with the actual vacancy rates realized in the biennium 1996-1997, which have exceeded 10 per cent as a result of the application of a recruitment freeze. They are, however, much closer to the long-term rates realized in previous bienniums when programme managers were

free to utilize approved staffing tables fully. It should be noted that the General Assembly, by its decision 51/456 of 18 December 1996, requested the Secretary-General to review the need for the general recruitment freeze and to oversee and monitor all recruitments, appointments, placements and promotions through the Office of Human Resources Management of the Secretariat, taking into account the need to recruit from unrepresented and underrepresented Member States and to achieve gender balance. The freeze, which began on 15 September 1995, lasted until 21 April 1997. The Advisory Committee points out that the maintenance of high vacancy rates, besides requiring the application of recruitment freezes and disrupting the smooth operation of recruitment processes, also seriously hampers the delivery of mandated programmes. It is for this reason that the Committee supports the return to a set of lower vacancy rates that should permit the utilization of staffing tables as approved without the need for recruitment freezes. In the opinion of the Committee, the use of vacancy rates should be restricted to the budget formulation phase when the estimates are prepared.

58. As noted in the previous paragraph, the adjustment of vacancy rates has had a significant effect on the level of the related estimates required to fund approved posts. In this connection, it may be noted that the Secretariat made two significant adjustments in costing the staffing tables contained in the proposed estimates. The first step was to take as a starting point the ad hoc vacancy rates implicit in the revised appropriation for 1996-1997 and to estimate the cost of reverting from those rates to a 6.4 per cent vacancy rate. This factor amounted to some $38.6 million of requirements. The second step was then to apply the new vacancy rates (5 per cent Professional, 2.5 per cent General Service) to the staffing table proposed for the biennium 1998-1999. This second adjustment added a further requirement of $49.6 million. As a result of these two adjustments a total provision of $88.2 million was incorporated within the proposed estimates.

Budget reductions

59. The estimates shown under "reductions in proposed programme budget" at revised 1996-1997 rates show a decrease of $163,416,400. A breakdown by main object of expenditure shows the following increases and decreases in order of magnitude:

	Thousands of United States dollars
Decreases	
Posts	197 526.5
General operating expenses	13 675.5
Supplies and materials	1 661.4
Other staff costs	1 376.0
Grants and contributions	896.1
Non-staff compensation	90.8
Subtotal (1)	215 226.3
Increases	
Other expenditures	32 594.0
Contractual services	6 590.1
Alterations and major maintenance	5 421.0
Furniture and equipment	4 017.9
Consultants and experts	3 011.0
Travel	175.9
Subtotal (2)	51 809.9
Total decrease (1)-(2)	163 416.4

60. The deduction under posts is $197,526,500, of which $121,289,700 relates to salaries for established and temporary posts, $48,273,900 is for common staff costs and $27,962,900 is for staff assessment.

61. The Advisory Committee requested the following information on the components of common staff costs by duty station, which are standard rates expressed as a percentage of salaries.

Composition of realized common staff costs for 1994-1995 as a percentage of salaries

Duty station	New York	Geneva	Bangkok	Santiago	Mexico	Port-of-Spain	Addis Ababa	Amman	Vienna	Nairobi	International Court of Justice
Total	41.0	32.3	40.5	41.4	38.2	37.7	74.4	70.9	34.1	58.2	30.9
Components											
Staff allowances[a]	3.0	3.6	4.4	5.2	5.4	6.2	18.1	17.8	2.4	12.9	2.2
Social security payments[b]	25.7	20.1	21.4	23.6	23.0	22.5	26.4	24.5	22.0	21.4	21.0
Education grants	3.4	2.2	4.7	3.1	2.8	2.4	13.7	10.9	2.9	7.1	1.3
Home leave	1.5	0.8	0.9	0.4	0.7	1.0	5.5	1.5	1.4	3.1	0.5
Appointments[c]	1.1	0.7	1.6	0.6	1.1	3.2	4.2	1.3	1.4	2.2	2.6
Separation[d]	4.8	4.3	5.2	6.7	3.4	0.4	4.5	7.7	3.0	6.4	2.9
Other payments[e]	0.7	0.2	1.1	0.3	0.2	1.1	1.3	4.2	0.5	4.4	0.4
Transfer[f]	0.7	0.4	1.2	1.5	1.5	0.9	0.7	2.9	0.5	0.7	-

[a] Dependency, assignment, hardship, mobility and hazardous duty station allowances.

[b] Contributions to pension, medical insurance and compensatory payments.

[c] Travel on appointment, travel on interview, removal of household effects and insurance on shipments of effects.

[d] Travel on separation, removal of household effects, repatriation grants, commutation of annual leave and termination indemnities.

[e] Rental subsidies, family evacuation travel and taxi fares.

[f] Travel on transfer, assignment grant, removal of household effects, shipment and residential security measures.

62. As regards the 1998-1999 estimates by main object of expenditure, the Advisory Committee was informed that the net decrease of $1,376,000 under "other staff costs" was composed of the following:

Increases	
General temporary assistance	5 046.5
Personal service contracts	1 848.0
Other personnel-related costs	678.8
After-service health insurance	5 096.3
Compensatory and lump-sum payments	38.6
Daily mission subsistence allowance	203.5
Subtotal (1)	12 911.7
Decreases	
Temporary assistance for meetings	13 840.3
Overtime and night differential	447.4
Subtotal (2)	14 287.7
Net decrease (1)-(2)	1 376.0

Recosting

63. The total estimate under recosting is $103,701,200. The results of recosting represent adjustments to the estimates at revised 1996-1997 rates in order to recalculate the level of resources at 1998-1999 price levels. The difference in rates between the two bienniums reflects both projected changes in price levels between the bienniums and the application of revised exchange rates. Thus, the $103.7 million for recosting reflects the net effect of $125,399,100 additional requirements in respect of inflation, offset in part by $21,697,900 of reduced requirements as a result of currency fluctuations.

64. In this connection, it will be recalled that, consistent with established practice, the revised appropriation for 1996-1997 reflects actual exchange rates experienced in the first year of the biennium (1996) and projected rates for the second year (1997) based on the rate realized in December 1996. As the established methodology calls for the use of a single rate of exchange to be projected on the basis of second-year rates, it is necessary to adjust for differences in exchange rates between the two years. As a generally stronger United States dollar exchange rate was used for 1997 than for 1996, the application of a single 1997 rate to costing of the 1998-1999 budget has the effect of reducing overall United States dollar requirements. The total amount that results from recosting represents 4 per cent of the revised 1996-1997 appropriation. Projections of rates of exchange and inflation are contained in table 11A of the introduction to the proposed programme budget (A/52/6 (Part one) (ii)). The elements in recosting are:

	United States dollars
1996 exchange rates to 1998 exchange rates	(21 697 900)
1998-1999 inflation over 1996 and 1997	125 399 100
Total	103 701 200

The Committee points out that, in accordance with established practice, there will be a further recosting in December 1997.

PROPOSED ALLOCATION OF RESOURCES AND POSTS IN 1998-1999

65. As presented in paragraphs 9 and 21 of the introduction to the proposed programme budget (A/52/6 (Part one) (i)), the distribution of the expenditure estimates and posts for the biennium 1998-1999 by budget part is illustrated below:

Proposed allocation of resources and posts in 1998-1999

Budget part	Resources (Thousands of United States dollars) 1996-1997 Amount	1996-1997 Percentage	1998-1999 Amount	1998-1999 Percentage	Established and temporary posts 1996-1997 Number	1996-1997 Percentage	1998-1999 Number	1998-1999 Percentage
I. Overall policy-making, direction and coordination	35 890.2	1.4	38 622.8	1.5	122	1.2	117	1.3
II. Political affairs	199 361.4	7.7	164 873.2	6.4	729	7.3	641	7.3
III. International justice and law	50 240.4	1.9	55 555.8	2.2	202	2.0	199	2.3
IV. International cooperation for development	294 297.3	11.3	302 338.1	11.7	1 324	13.2	1 209	13.7
V. Regional cooperation for development	351 834.5	13.5	399 362.6	15.5	2 165	21.6	1 982	22.4
VI. Human rights and humanitarian affairs	134 400.1	5.2	138 646.4	5.4	570	5.7	522	5.9
VII. Public information	134 323.9	5.2	140 327.6	5.4	822	8.2	740	8.4
VIII. Common support services	938 164.3	36.0	904 192.9	35.0	3 933	39.4	3 347	37.8
IX. Internal oversight	15 011.5	0.6	18 637.3	0.7	81	0.8	82	0.9
X. Jointly financed administrative activities and special expenses	68 834.2	2.6	59 949.6	2.3	64	0.6	-	-
XI. Capital expenditures	28 648.8	1.1	35 893.4	1.4				
XII. Staff assessment	348 280.6	13.3	324 600.1	12.5				
XIII. International Seabed Authority	3 993.7	0.2	-	-				
Total	2 603 280.9	100.0	2 582 999.8	100.0	10 012	100.0	8 839	100.0

PERSONNEL MATTERS

66. The staffing resources available for carrying out the work programme of the Organization include established posts, temporary posts, temporary assistance, consultants and ad hoc expert groups; these resources are financed from the regular budget and from extrabudgetary funds.

67. As shown in table 5 of the introduction to the proposed programme budget for 1998-1999 (A/52/6 (Part One) (ii)), the Secretary-General estimates posts and other staff costs (excluding staff assessment) at $1,669,910,400 under the expenditure sections for 1998-1999. If the estimate of $29,427,700 (net of staff assessment) for posts and other staff costs is added for income section 3, the total is $1,699,338,100.

68. In table 9 of the introduction, the Secretary-General estimates posts and other staff costs of extrabudgetary staff at approximately $1,427,288,300 (updated figure), including staff financed from the support account for peacekeeping operations. It can thus be said that personnel costs to be financed from the regular budget and extrabudgetary resources would amount to an estimated $3,126,626,400 in 1998-1999.

Regular budget established and temporary posts

69. Under the expenditure sections and income section 3 of the proposed programme budget for the biennium 1998-1999, the Secretary-General requests a total of 8,973 posts. In the following table, which includes income section 3, Services to the public, the request for 1998-1999 is compared with the approved staffing table for 1996-1997 (see also table 6 of the introduction to the proposed programme budget):

	Professional category and above			General Service and related categories			Total		
	1998-1999	1996-1997	Increase (decrease)	1998-1999	1996-1997	Increase (decrease)	1998-1999	1996-1997	Increase (decrease)
Established posts	3 632	3 950	(318)	5 254	6 113	(859)	8 886	10 063	(1 177)
Temporary posts	39	39	-	48	48	-	87	87	-
Total	3 671	3 989	(318)	5 302	6 161	(859)	8 973	10 150	(1 177)

70. As can be seen from table 7 of the introduction to the proposed programme budget for 1998-1999 (A/52/6 (Part One) (ii)), the net decrease of 1,173 regular established and temporary posts is the result of proposals for:

New posts	10
Conversion from general temporary assistance	29
Abolitions	1 212
	(1 173)

71. In this connection, the Advisory Committee points out that the total of 1,212 abolitions includes 356 posts previously budgeted for under activities that are now receiving "net budget" treatment. Of these, 39 will actually be abolished, the remaining 317 will be transferred out. In other words, they will

still be occupied but will no longer be shown in United Nations staffing tables, although they will continue to be funded from the United Nations regular budget to the same extent as before. The real number of abolitions is therefore not 1,212 but 895, of which 39 were funded only in part by the United Nations. The Committee points out that there is a potential for confusion in this situation; the requested policy paper on the "net budgeting concept" should also develop a clear format for presentation of the related posts (see also para. 45 above).

72. In its review of the proposals for individual budget sections in chapter II, the Advisory Committee has pointed, in numerous instances, to the lack of explanation or analysis of proposed decreases, especially for posts. As shown above, the Secretary-General is proposing the abolition of 895 posts (excluding posts transferred out as the result of "net budgeting"). The organizational necessity for each of these abolitions should have been clearly stated, as well as their impact on the delivery of programmes or services. Included in this analysis should have been an indication of how needs and programmes have changed since these posts were originally requested and approved to carry out certain functions. As pointed out by the Committee in its second report on the programme budget for the biennium 1996-1997,[11] the Secretary-General needs to justify proposed reductions in the same manner as he would justify increases.

73. The Advisory Committee, in chapter II, has noted a number of instances where posts are proposed for abolition, although they are encumbered and it is envisaged that the functions of the abolished posts will continue to be carried out through the end of 1998; the staff involved will continue to be charged to the budget. The Committee expresses its concern at this anomaly; the staffing tables should be adjusted to reflect the continuation of these posts through the end of the first year of the coming biennium.

74. The Advisory Committee requested information on regular budget redeployment of posts. As mentioned in the summary of sections and table 7 of the introduction, the total of 25 redeployments from one department to another are as follows:

Redeployments in the proposed programme budget
for the biennium 1998-1999

Number of posts	Level	Section		Department/office	
		From	To	From	To
1	D-2	7	1	Department for Policy Coordination and Sustainable Development	Executive Office of the Secretary-General
1	P-4	14	1	Crime Prevention and Criminal Justice Division	Executive Office of the Secretary-General
1	P-3	14	1	Crime Prevention and Criminal Justice Division	Executive Office of the Secretary-General
1	P-4	27E	6	Office of Conference and Support Services/ Conference Services	Office of Legal Affairs
2	P-3	27E	6	Office of Conference and Support Services/ Conference Services	Office of Legal Affairs
1	P-2/1	27E	6	Office of Conference and Support Services/ Conference Services	Office of Legal Affairs
1	GS	27E	6	Office of Conference and Support Services/ Conference Services	Office of Legal Affairs
1	ASG	1	7	Executive Office of the Secretary-General	Department for Policy Coordination and Sustainable Development
1	P-4	26	8	Department of Public Information	Department for Policy Coordination and Sustainable Development/Office of the Special Coordinator for Africa and the Least Developed Countries
1	D-1	1	14	Office of the Director-General/United Nations Office at Vienna	Crime Prevention and Criminal Justice Division
1	P-5	1	14	Office of the Director-General/United Nations Office at Vienna	Crime Prevention and Criminal Justice Division
1	P-5	11A	16	UNCTAD	ECA
1	P-4	11A	16	UNCTAD	ECA
1	LL	11A	16	UNCTAD	ECA
1	P-5	11A	17	UNCTAD	ESCAP
1	P-3	11A	17	UNCTAD	ESCAP
1	LL	11A	17	UNCTAD	ESCAP
1	P-5	11A	19	UNCTAD	ECLAC
1	P-4	11A	19	UNCTAD	ECLAC
1	LL	11A	19	UNCTAD	ECLAC
1	P-5	11A	20	UNCTAD	ESCWA
1	LL	11A	20	UNCTAD	ESCWA
1	P-4	1	27C	Executive Office of the Secretary-General	Office of Human Resources Management
1	GS	27A	28	Office of the Under-Secretary-General for Administration and Management	Office of Internal Oversight Services

75. The following table, supplied to the Advisory Committee, shows proposed reclassifications in the Professional category and above (including income section 3) as follows:

Reclassification for the biennium 1996-1997 and proposed for the biennium 1998-1999 under the regular budget

Budget section and organizational unit	Professional category and above									General Service and related categories							
	USG	ASG	D-2	D-1	P-5	P-4	P-3	P-2/1	Sub-total	Principal level	Other level	Security Services	Field Service	Trades and Crafts	Local level	Sub-total	Total
1. Overall policy-making, direction and coordination																	
	-	-	2	-	(2)	1	(1)	-	-	-	-	-	-	-	-	-	-
Executive Office of the Secretary-General						2 D-1 to D-2											
Secretariat of the Board of Auditors						1 P-5 to D-1											
Office of the Director-General, Geneva						1 P-5 to D-1 1 P-3 to P-4											
2. Political Affairs																	
	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	1	-	-
3. Peacekeeping operations and special missions																	
	-	-	-	-	-	-	1	(1)	-	-	-	-	-	-	-	-	-
United Nations Truce Supervision Organization						1 P-2 to P-3											
6. Legal affairs																	
	-	-	1	(1)	-	-	-	-	-	5	(5)	-	-	-	-	-	-
Office of the Legal Counsel and Treaty Section						1 D-1 to D-2 5 GS (OL) to GS (PL)											
9. Economic and social information and policy analysis																	
	-	-	-	-	(1)	1	3	(3)	-	-	-	-	-	-	-	-	-
11. Trade and development																	
	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Secretary-General, UNCTAD						1 D-2 to ASG											
18. Economic development in Europe																	
	-	-	-	-	1	(1)	2	(2)	-	-	-	-	-	-	-	-	-
Transport						1 P-4 to P-5											
Environment						1 P-3 to P-4 1 P-2 to P-3											
Trade facilitation						1 P-4 to P-3											
Development of international trade						1 P-5 to P-4											
Agriculture and timber						1 P-4 to P-5											
19. Economic and social development in Latin America and the Caribbean																	
	-	-	-	-	-	-	2	(2)	-	-	-	-	-	-	-	-	-
20. Economic and social development in Western Asia																	
	-	-	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-

Budget section and organizational unit	Professional category and above									General Service and related categories							
	USG	ASG	D-2	D-1	P-5	P-4	P-3	P-2/1	Sub-total	Principal level	Other level	Security Services	Field Service	Trades and Crafts	Local level	Sub-total	Total
Development issues						1 P-4 to P-5											
27. Administrative services																	
	-	-	1	-	-	1	-	1	3	(1)	-	-	(2)	-	-	(3)	-
A. Office of the Under-Secretary-General for Administration and Management																	
	-	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Treasury						1 P-5 to D-1											
C. Office of Human Resources Management																	
	-	-	-	-	1	1	(2)	1	1	-	(1)	-	-	-	-	(1)	-
Medical Service						1 P-4 to P-5 1 GS (OL) to GS (PL)											
Operational services						1 P-3 to P-4											
Staff training						1 P-3 to P-4											
Planning and information						1 GS (PL) to P-2											
D. Support services																	
	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase and transportation						1 D-1 to D-2											
E. Conference services																	
Office of the Director and Deputy to the Assistant Secretary-General						1 P-4 to P-5											
Documents Control						1 P-5 to P-4											
G. Administration, Vienna																	
	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-	-
Finance and budget support						2 GS (PL) to GS (OL) 1 GS (OL) to GS (PL)											
H. Administration, Nairobi																	
	-	-	-	-	-	-	2	-	2	-	-	-	(2)	-	-	(2)	-
Electronic services																	
28. Internal oversight																	
	-	-	-	-	-	-	-	-	-	(1)	1	-	-	-	-	-	-
Office of Internal Oversight Services						1 GS (PL) to GS (OL)											
Total, regular budget	-	1	3	(1)	(1)	1	7	(7)	3	3	(5)	-	(2)	-	1	(3)	-
Income section 3																	
Sale of publications						1	(1)										

76. The percentage distribution of established posts by grade in the Professional category and above proposed by the Secretary-General for 1998-1999 is compared with the revised 1996-1997 appropriation as follows:

Professional category and above	1998-1999	1996-1997
USG/ASG	1.1	1.0
D-2	2.2	2.1
D-1	6.8	6.8
P-5	18.4	18.1
P-4	30.5	29.9
P-3	28.8	29.0
P-2/1	12.2	13.1
	100.0	100.0

77. The Advisory Committee notes a trend towards a decrease in the number of junior posts (P-3 and below). This is especially troubling in view of the reference following table 17 of the report concerning managerial reform contained in the letter from the Secretary-General to the President of the General Assembly (A/51/873) to the high average age in the Secretariat, the high retirement rate expected over the next 10 years and the need to revitalize the international civil service.

78. The specific comments of the Advisory Committee on proposals for reclassification are contained in chapter II.

Extrabudgetary posts

79. The numbers and grades of posts anticipated during 1998-1999 for extrabudgetary support services are provided in table 10 of the introduction to the proposed programme budget. As can be seen from the table below, which was subsequently provided to the Advisory Committee, it is estimated that extrabudgetary resources in 1998-1999 will finance a total of 7,622 extrabudgetary posts as compared with 8,203 for 1996-1997. The total for the proposed programme budget for the biennium 1996-1997 was 7,793.[14] The Committee was informed that this total included posts for support services and substantive activities (including posts financed from operational funds posted at established United Nations offices and posts financed from the support account for peacekeeping operations). The following table provides a breakdown of those posts by grade and compares the estimated total for 1998-1999 with the total number of those posts in 1996-1997.

Extrabudgetary posts

Grade	1998-1999 Support services	Substantive activities	Operational activities	Total	1996-1997	Change
Professional category and above						
USG	-	-	-	-	1	(1)
ASG	2	-	1	3	3	-
D-2	9	12	24	45	49	(4)
D-1	28	26	62	116	127	(11)
P-5	74	86	220	380	426	(46)
P-4/3	418	186	986	1 590	1 639	(49)
P-2/1	40	87	167	294	427	(133)
Subtotal	571	397	1 460	2 428	2 672	(244)
General Service						
Principal level	60	25	21	106	105	1
Other levels*	1 377	419	3 292	5 088	5 426	(338)
Subtotal	1 437	444	3 313	5 194	5 531	(337)
Total	2 008	841	4 773	7 622	8 203	(581)

* Including Security Services, Trades and Crafts, Field Service and Local level.

80. In accordance with the terms of section II, paragraph 2, of General Assembly resolution 35/217 of 17 December 1980, the Advisory Committee, since submitting its first report on the proposed programme budget for the biennium 1996-1997, has concurred with the following requests by the Secretary-General concerning the continuation of extrabudgetary posts at the D-1 level and above:

(a) One D-2 and one D-1 post for the United Nations Office for Coordination of Humanitarian Assistance to Afghanistan for 1996;

(b) One D-2 and one D-1 post for the United Nations Inter-Agency Humanitarian Programme in Iraq from 1 January 1996 onwards.

Temporary assistance and consultants

81. As can be seen from table 5 of the introduction to the proposed programme budget, the expenditure sections of the proposed programme budget include a total of $161.3 million under other staff costs in 1998-1999. The Advisory Committee was informed that this total included $35 million for general temporary assistance. As a rule, the greatest use of general temporary assistance is for additional staff during periods of peak workload; general temporary assistance is also used for the replacement of staff on prolonged sick leave or maternity leave.

82. The Advisory Committee was informed that the overall estimate for temporary assistance for meetings for 1998-1999 was $44.6 million. The estimate included in the proposed programme budget for the biennium 1996-1997 was $62.9 million.[15]

These funds are requested for short-term interpreters, translators, typists and other conference-servicing staff.

83. As can be seen from table 5 of the introduction to the proposed programme budget, the total request for consultants and expert groups is $15.9 million for 1998-1999. The related figure for 1996-1997 was $15.7 million.[16] The Advisory Committee was informed that, of that total, $9.8 million related to consultants. In this connection, the Committee notes that in a number of cases, as indicated in chapter II, a reduction in posts has been accompanied by an increased request under provisions for consultants and experts. The Committee was informed that this was to provide additional flexibility in the implementation of the programme of work. The Committee recalls its previous recommendations that recourse to consultants only be had where the necessary expertise was not available "in-house".

84. The Advisory Committee has requested information on the number of personnel with permanent contracts assigned to peacekeeping or other field missions, the number of Assistant Secretary-General and Under-Secretary-General posts in the United Nations and its programmes in 1987 as compared with 1997 and the percentage of permanent and fixed term contracts in 1987 as compared with 1997. That information was not received at the time the present report was finalized. When received, it will be taken into account by the Committee and reported to the General Assembly in an appropriate manner.

OTHER MATTERS

Extent of involvement of specialized bodies in the planning and programming process

85. In section II, paragraph 3, of its resolution 41/213, the General Assembly resolved to achieve improvement in the consultative process for the formulation of the medium-term plan through, inter alia, full implementation of the Regulations Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation pertaining to the medium-term plan, as contained in the annex to its resolution 37/234 of 21 December 1982, and of the related Rules.

86. As stated by the Advisory Committee in paragraph 81 of its first report on the proposed programme budget for the biennium 1988-1989,[2] such implementation calls for greater involvement of the specialized bodies in the planning and programming process; the work of such bodies in this area affects the programme of activities that forms the basis of the medium-term plan and in turn the programme budget. In this connection, the Committee was provided with the following list of specialized bodies and the period during which they reviewed their programmes of work for 1998-1999:

Budget sections for which the programme of work for 1998-1999 has been reviewed by specialized bodies

Section	Programme/ subprogramme	Reviewing body	Time of review
2	Political affairs		
	Question of Palestine	Committee on the Exercise of the Inalienable Rights of the Palestinian People	November 1996
	Decolonization	Special Committee on the Situation with Regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples	March 1997
5	International Court of Justice	Budgetary and Administrative Committee of the Court	February 1997
7	Advancement of women	Commission on the Status of Women	March 1997
7	Social development	Commission on Social Development	February-March 1997
9	Population	Commission on Population and Development	February 1997
9	Statistics	Statistical Commission	February 1997
10	Development support and management services	Experts on the United Nations Programme in Public Administration and Finance	May-June 1997
11	Trade and development	Working Party and Trade and Development Board	June 1997
12	Environment	Governing Council of UNEP	January-February 1997
13	Human settlements	Commission on Human Settlements	April-May 1997
14	Crime control	Commission on Crime Prevention and Criminal Justice	April 1997
16	Economic and social development in Africa	ECA Conference of Ministers	April-May 1997
17	Economic and social development in Asia and the Pacific	ESCAP	April 1997
18	Economic development in Europe	Working Group of ECE	December 1996
19	Economic and social development in Latin America and the Caribbean	ECLAC	April 1996
20	Economic and social development in Western Asia	ESCWA	May 1997

87. During its review of the various sections of the proposed programme budget the Advisory Committee noted a general trend that showed that many intergovernmental bodies were now increasingly involved in the review of the role of their subsidiary machinery, the related programme of work and secretariat structures under their supervision. However, the depth, scope and time spent on those reviews varies widely. As can be seen in the addendum to the report of the Secretary-General concerning the regional commissions[17] and in chapter II, some of the results of these reviews are quite extensive. To overcome the problem of synchronizing the calendar of conferences and the planning and programming cycles, a number of intergovernmental bodies have established inter-sessional ad hoc bodies to conduct the above reviews on behalf of parent bodies. The Committee commends this development, but trusts that in future such intergovernmental reviews will become much more extensive, involving all relevant specialized bodies.

88. In the past, the Advisory Committee has requested that the results and decisions taken in connection with such reviews should be made available to it when it examines the Secretary-General's proposed programme budget. The Committee regrets that this request has not been implemented fully. In a number of cases it was not possible for the Committee to know what the results of the reviews were. Indeed, there is little information in the proposed programme budget on the nature of the intergovernmental reviews and how they affected the budget proposals. In its second report on the proposed programme budget for the biennium 1996-1997,[18] the Committee included information on reviews by intergovernmental bodies as annex III. In paragraph 20 of that report, the Committee stated that this type of information should have been integrated into the Secretary-General's progress report on the proposed programme budget for the biennium 1996-1997 (A/C.5/50/57/Add.1). The absence of this information from the proposed programme budget for the biennium 1998-1999 leads the Committee to reiterate what it stated in paragraph 21 of its second report on the proposed programme budget for 1996-1997:

> "In many areas, however, it was not clear from the Secretary-General's report the extent to which the intergovernmental bodies have examined the programme of work and made specific decisions on such issues as termination, postponement or modification of approved programmes. Thus, in many cases it was not clear in the report of the Secretary-General whether programmatic proposals derive from the initiative of the Secretary-General or whether they are the results of intergovernmental review."

Extrabudgetary funds

89. As can be seen from the table below, it is forecast that extrabudgetary funding will exceed $4 billion in 1998-1999.

Extrabudgetary resources 1998-1999

	Percentage of total	Thousands of United States dollars
A. Programmes with separate governing bodies		
UNHCR		2 287 891.8
UNRWA		843 900.0
United Nations International Drug Control Programme		162 298.0
UNEP		235 908.9
Human settlements		80 950.9
Subtotal	83.0	3 610 949.6
B. Technical cooperation funds		
UNDP		107 566.9
UNFPA		22 211.2
Other sources		259 267.2
Subtotal	9.0	389 045.3
C. Reimbursement for support/services provided		
Support account for peacekeeping operations		72 077.8
Technical cooperation		3 639.4
United Nations organizations		54 550.2
Trust funds		53 734.9
Subtotal	4.2	184 002.3
D. Substantive trust funds	3.8	166 132.3
Total	100.0	4 350 129.5

90. The table above shows that the bulk of extrabudgetary resources are from UNHCR, UNRWA, the United Nations International Drug Control Programme, UNEP and the United Nations Centre for Human Settlements (Habitat). The Advisory Committee reports separately on the related administrative budgets to the governing bodies of the various programmes (see preface to the present report). The Committee also reports to the governing bodies of UNDP, UNFPA and other United Nations programmes that provide technical cooperation funds (see the preface above).

91. For the most part, the Advisory Committee examines other extrabudgetary resources maintained in special accounts in the context of its review of the Secretary-General's proposed programme budget. The Committee also receives information biannually on the status of trust funds. As indicated in paragraph 80 above, under the terms of section II, paragraph 2, of General Assembly resolution 35/217, the Committee considers proposals for all new posts at levels D-1 and above funded through extrabudgetary sources that are not otherwise subject to scrutiny by an intergovernmental body; similarly, the

Committee is of the view that all such extrabudgetary posts should be managed with the same degree of care as is exercised with regular budget posts. The Committee follows up on this when it reviews trust funds.

92. Observations on extrabudgetary funds have been a regular feature of the Advisory Committee's reports in recent years. In its reports on the Secretary-General's proposed programme budgets for the biennium 1988-1989[2] and the biennium 1990-1991,[19] the Committee made a number of observations regarding the extrabudgetary side of United Nations expenditure, including the need to define precisely the role of extrabudgetary financing in the overall structure of the United Nations. The Committee also drew attention to the need to refine the approval and reporting mechanisms so as to ensure that extrabudgetary expenditures are subject to a greater measure of scrutiny and control.

93. In its tenth report on the programme budget for the biennium 1992-1993,[20] the Advisory Committee stated its belief that more precise proposals were needed from the Secretary-General in the area of scrutiny and control of extrabudgetary expenditure. Moreover, the Committee believed that the question of the impact of extrabudgetary resources on programme priorities remained unclear.

94. The Advisory Committee also devoted considerable attention to extrabudgetary funds in its first report on the proposed programme budget for the biennium 1996-1997,[9] where it addressed the presentation of information on trust funds in the budget document, the primacy of United Nations regulations and rules with regard to any conditions attached to special purpose contributions and the need for a standard format and procedures for reporting on trust funds to donors with a view to reducing the administrative burden and excessive overheads.

95. In its first report on the proposed programme budget for the biennium 1996-1997,[9] the Advisory Committee also addressed the need to ensure adequate reimbursement to the regular budget of identifiable expenses related to extrabudgetary activities. In a related matter, the Committee understands that a joint review by UNDP, UNFPA and UNICEF as to the reimbursement to the United Nations for services received is about to be completed for the period 1997 and future years. The Committee was informed that the goal was to establish a more stable regime that would not change during each biennium. In this connection, the Committee points out that in the past it has reviewed rates of reimbursement for services rendered by the United Nations Secretariat. Accordingly, it recommends that the agreed rates, including the basis for the proposal, be submitted to it for scrutiny and that the submission take place before implementation.

96. Although some of the above comments and recommendations of the Advisory Committee have been made repeatedly over the years, much remains to be done in the area of extrabudgetary activities. The Committee is aware of the evident difficulties surrounding the preparation of the proposed programme budget for the biennium 1998-1999 and that, as a consequence, little could be done to refine and improve budget presentation. However, extrabudgetary funding is becoming more and more important as the size of the regular budget shrinks. In view of this development, it is essential that in future the programme budget narrative identify and explain the role of extrabudgetary funding in the activities being described.

97. In particular, an indication should be given of how extrabudgetary activities are planned and how their inclusion affects the overall programme of work. The relevant intergovernmental bodies will need to be assured that, to

the maximum extent possible, extrabudgetary funding is used in support of programme priorities that have been established through the appropriate legislative process. In this connection, the Advisory Committee points once again to the need for specialized bodies to play a greater role in the formulation and review of programmes (including publications); perhaps this can be accomplished through the greater use of inter-sessional working groups (see para. 87 above).

Increasing demands for independent audits and management reviews of the United Nations system

98. As indicated in paragraph 94 above, the Advisory Committee has, in the past, stated that where donors of voluntary contributions attach conditions that are contrary to United Nations policy, the Organization's regulations and rules should prevail. The Committee has also made reference to the burden that often arises as the result of reporting requirements by donors. The Committee has called for the development of a standard format and reporting procedure on trust funds; this has not occurred.

99. The foregoing is relevant to developments in the past few years where organizations of the United Nations system have come under increasing pressure from donors of extrabudgetary funds to allow independent auditors to carry out audits of the funds that they advance. There have also been requests from individual Member States to conduct audit and management reviews of the activities of United Nations organizations irrespective of whether such audits and reviews are related to the funds they provide.

100. These developments have caused considerable concern to the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, which, through its Chairman, addressed a letter to the Secretary-General of the United Nations, in his capacity as Chairman of the Administrative Committee on Coordination. The letter was referred to in the report of the Secretary-General on independent audits and management reviews of activities of the United Nations system (A/48/587), which annexed the views of the Administrative Committee on Coordination on this matter. The annex makes reference to the identification by the Panel of numerous practical disadvantages to independent audits and management reviews by individual Member States and to the fact that the Financial Regulations of the United Nations stipulate that the external auditors appointed by the organizations' governing bodies are solely responsible for the conduct of audits.

101. With regard to the United Nations itself, in its resolution 48/216 A of 23 December 1993, the General Assembly recognized that the Board of Auditors conducted its reviews in a comprehensive manner, as stipulated in regulation 12.5 of the Financial Regulations of the United Nations, and expressed its appreciation to the Board for the action-oriented and concrete recommendations contained in its reports.

102. In the recent past, the Advisory Committee has become increasingly aware of renewed pressure for individual auditing and management review by Member States, a development that has again led to expressions of concern by United Nations auditors. The Committee cannot but stress that the members of the Panel of External Auditors have been selected by the competent legislative bodies to carry out the various activities within their terms of reference on behalf of all Member States. For example, as stated in regulation 12.6 of the Financial Regulations of the United Nations, "the Board of Auditors shall be completely

independent and solely responsible for the conduct of the audit". It should be noted that where necessary, the Committee may request the Board to conduct specific examinations and report on the results, as provided for in regulation 12.7.

103. The alternative to this system would be a situation in which numerous audits and management reviews would be conducted by a plethora of institutions and bodies, responsible not to the Organization as a whole, but to individual Member States. This situation would inevitably lead to many conflicting recommendations resulting in widespread confusion and misunderstanding of the nature of United Nations operations.

104. The Advisory Committee points out that the audit reports prepared by the Board of Auditors of the United Nations and by the external auditors of each of the specialized agencies are quite detailed and extremely informative on every aspect of the operations of the audited entity. As indicated in paragraph 102 above, procedures are in place to request special or expanded audits should any Member State so desire. Furthermore, the Committee points out that under the current procedure donors to extrabudgetary operations and trust funds can request information regarding project implementation for use by their respective legislatures.

105. Furthermore, the Advisory Committee points out that, bearing in mind the requirements of the Financial Regulations of the United Nations organizations and agencies, the secretariats of the organizations and agencies concerned have no authority to conclude arrangements for audit by national authorities without prior approval of the competent legislative bodies.

106. Accordingly, the Advisory Committee once again reiterates its view that the Financial Regulations of the United Nations and the resolutions of the General Assembly, adopted for the benefit of all, must be respected by all Member States, as well as by the Secretariat.

Implementation of the performance appraisal system

107. The report of the Secretary-General (A/C.5/51/55 and Corr.1) was submitted pursuant to General Assembly resolution 51/226 of 3 April 1997 and contains a review of the first full year of implementation as well as proposals for improving the performance appraisal system on the basis of lessons learned.

108. The Advisory Committee, in paragraph 95 of its first report on the proposed programme budget for biennium 1996-1997,[9] noting that efforts were under way to streamline the performance appraisal system, urged continued strenuous efforts to refine the performance appraisal system so as to minimize the administrative and bureaucratic burden it would likely cause in its original form. The Committee also stated that the introduction of the performance appraisal system involved significant direct and indirect expenditure.

109. The Advisory Committee notes from paragraph 13 of the report of the Secretary-General that a majority of departments and offices are now using the performance appraisal system and that where there has been a delay in implementation, those offices have been authorized to continue using the performance evaluation report until the performance appraisal system is implemented in the course of 1997. As indicated in paragraph 14 of the report, progress has also been made in the establishment of the three monitoring bodies that were agreed upon in the course of staff management consultations: the

departmental Management Review Committees, the Joint Monitoring Committees and the Global Joint Monitoring Committee.

110. The Advisory Committee requested information on the costs thus far of the performance appraisal system and was informed that from 1994 to date they totalled $1.3 million for development and training. Maintenance costs for the system from 1998 onwards will be met from within normal provisions for staff administration.

111. As pointed out by the Advisory Committee in its first report on the proposed programme budget for the biennium 1996-1997[9] (see paras. 94 and 95 above), there are and will continue to be indirect costs, related principally to the time required of both managers and staff to complete the various phases of the performance appraisal system. Considerable time will also be consumed during the management review phases, including, under certain circumstances, appeals of decisions related to the performance appraisal system.

112. The Advisory Committee met with representatives of the Secretary-General and was briefed on efforts to streamline the performance appraisal system and make it more responsive to the needs of the Organization. The Committee trusts that the refinements to be made will be effective.

Publications

113. As pointed out in chapter I of its first report on the proposed programme budget for the biennium 1996-1997,[9] a significant level of resources is devoted to publications as an activity of the United Nations (including staff, consultants and printing). The Advisory Committee has been commenting extensively on this matter since 1976. The Committee has called for much greater involvement of intergovernmental bodies and has urged that they be provided with the statistical data to carry out in-depth reviews of publications programmes.[21] The Committee has also called for a considerable streamlining of the current publications programme, including such practices as having the same reports and publications appear in different formats.[22] In paragraphs 81 and 82 of the report, the Committee addressed the need to develop a methodology that would permit a breakdown of the cost of publications by external/internal printing, research, writing and editing.

114. As can be seen in chapter II, not much progress has been made in addressing the points raised by the Advisory Committee over the years. Since the publications programme is such an important activity of the United Nations and in view of the current emphasis on efficiency and streamlining, the Committee requests the Secretary-General to respond specifically to its concerns. This response could be incorporated into the comments the Secretary-General will make on the report of the Joint Inspection Unit on United Nations publications (A/51/946). It will be recalled that that report was prepared in response to the recommendation of the Committee in paragraph 83 of its first report on the proposed programme budget for the biennium 1996-1997. The Committee intends to take up this report, together with the comments of the Secretary-General, when they are available.

Liaison offices

115. During its consideration of the proposed programme budget for the biennium 1998-1999, the Advisory Committee took particular note of proposals related to liaison offices. These offices, which are maintained for a number of United Nations activities and programmes, are funded from both the regular budget and

extrabudgetary sources. The combined staffing of offices for human rights, United Nations International Drug Control Programme/United Nations Office at Vienna, UNHCR, UNRWA, UNCTAD, the United Nations Centre for Human Settlements (Habitat), UNEP and the regional commissions totals 45: 19 Professional category and above (two D-2, two D-1, six P-5, five P-4, four P-3) and 26 General Service. The cost of this staffing complement is estimated at nearly $8 million net of staff assessment. The Committee was informed that identifiable non-post resources totalled just under $1 million.

116. The level of resources devoted to liaison offices is thus considerable, yet, as can be seen in chapter II, for some offices it is not quite clear what is actually being accomplished; others seem understaffed to carry out the stated objectives. It is also not clear what impact, if any, the recent advances in communication and computer technology have had on these offices. The Advisory Committee believes the time has come for a thorough review of liaison offices to determine what tasks still need to be carried out by them in view of the ability to communicate instantly around the world. Those activities which still need to be carried out should be adequately funded and opportunities to combine and consolidate the activities and functions of various liaison offices should be explored. The results of this review should be specifically referred to and reflected in the proposed programme budget for the biennium 2000-2001.

Cooperation with other United Nations bodies

117. The Advisory Committee has submitted reports to the following United Nations bodies:

(a) The Advisory Commission of UNRWA on the proposed 1996-1997 budget of UNRWA;

(b) The Executive Committee of the Programme of the United Nations High Commissioner for Refugees on UNHCR activities financed by voluntary funds for 1994-1995 and the proposed programme and budget for 1996;

(c) The Committee on Food Aid Policies and Programmes on the budget proposals of WFP for the biennium 1996-1997, the External Auditor's recommendations and the Financial Management Improvement Programme;

(d) The Commission on Narcotic Drugs on the revised programme budget and performance report of the United Nations International Drug Control Programme for the biennium 1994-1995 and the proposed programme budget for the biennium 1996-1997;

(e) The Council of the University on the proposed academic programme and budget of United Nations University for the biennium 1996-1997;

(f) The Executive Board of UNICEF regarding the integrated budget for headquarters and regional offices of UNICEF for the biennium 1996-1997;

(g) The Executive Board of UNDP/UNFPA regarding the follow-up to Executive Board decision 95/28, paragraph 14,[23] and the Office of United Nations System Support and Services;

(h) The Board of Trustees of UNITAR on the Institute's programme budget for 1996;

(i) The Executive Board of UNDP/UNFPA on the revised budget estimates for the biennium 1996-1997;

(j) The Executive Board of UNDP/UNFPA on the revised budget estimates of the United Nations Office for Project Services for the biennium 1996-1997;

(k) The Executive Committee of UNHCR on the overview of UNHCR activities for 1995-1997;

(l) The Committee on Food Aid Policies and Programmes on the audited biennial accounts of WFP for the biennium 1994-1995;

(m) The Executive Board of UNICEF on integrated budgeting in UNICEF and on the revised integrated budget for 1996-1997 for headquarters and regional offices, as well as the report on the harmonization of presentation of the biennial support budgets of UNDP, UNFPA and UNICEF;

(n) The Executive Board of UNDP/UNFPA on the harmonization of presentation of the biennial support budgets of UNDP, UNFPA and UNICEF;

(o) The Governing Council of UNEP on the revised estimates for the biennium 1996-1997 and proposed budget for the biennium 1998-1999;

(p) The Commission on Narcotic Drugs on the proposed revised programme budget of the United Nations International Drug Control Programme for the biennium 1996-1997 and the proposed outline for the biennium 1998-1999;

(q) The Board of Trustees of UNITAR regarding the Institute's programme budget for 1997;

(r) The Commission on Human Settlements on the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 1998-1999;

(s) The Committee on Food Aid Policies and Programmes on the strategic and financial plan of WFP for 1998-2001, the budgetary performance of WFP for 1996, the funding of WFP after-service medical liabilities, the proposed WFP financial regulations, the funding and replenishment of the operational reserve and the progress report on the implementation of the External Auditors' recommendations for 1992-1993 and 1994-1995;

(t) The Executive Board of UNDP/UNFPA on risk management, reserves and surplus income of the United Nations Office for Project Services and on the revised budget estimates for 1996-1997 and estimates for 1998-1999;

(u) The Executive Board of UNDP/UNFPA on UNFPA estimates for the biennial support budget for 1998-1999;

(v) The Executive Board of UNDP/UNFPA on the budget estimates of UNDP for 1998-1999.

Notes

[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 6 and corrigendum (A/51/6/Rev.1 and Rev.1/Corr.1).

[2] Ibid., Forty-second Session, Supplement No. 7 and addenda (A/42/7 and Add.1-10).

[3] Ibid., Fortieth Session, Supplement No. 7 (A/40/7).

[4] Ibid., Fifty-first Session, Supplement No. 7 and addenda (A/51/7 and addenda), document A/51/7/Add.4, para. 6.

[5] See, for example, ibid., Fiftieth Session, Supplement No. 7 and corrigendum and addenda (A/50/7 and Corr.1 and Add.1-16), document A/50/7/Add.16, para. 39, and ibid., Fifty-first Session ..., document A/51/7/Add.1, paras. 16 and 17.

[6] Ibid., Fiftieth Session ..., para. 14.

[7] Official Records of the Second Session of the General Assembly, Supplement No. 7 (A/336), para. 8.

[8] Official Records of the General Assembly, Fifty-first Session, Supplement No. 7 (A/51/7).

[9] Ibid., Fiftieth Session, Supplement No. 7 and corrigendum (A/50/7 and Corr.1).

[10] Ibid., Fiftieth Session, Supplement No. 7 and corrigendum and addenda (A/50/7 and Corr.1 and Add.1-16), document A/50/7/Add.16, para. 15.

[11] Ibid., Fifty-first Session, Supplement No. 7 and addenda (A/51/7 and addenda), document A/51/7/Add.1, para. 8.

[12] Ibid., Fiftieth Session ..., document A/50/7/Add.16, para. 39.

[13] Ibid., Fiftieth Session, Supplement No. 7 and corrigendum (A/50/7 and Corr.1), para. 7.

[14] Ibid., para. 65.

[15] Ibid., para. 69.

[16] Ibid., para. 70.

[17] E/1997/40/Add.1.

[18] Official Records of the General Assembly, Fifty-first Session, Supplement No. 7 and addenda (A/51/7 and addenda), document A/51/7/Add.1.

[19] Ibid., Forty-fourth Session, Supplement No. 7 and corrigendum and addenda (A/44/7 and Corr.2 and Add.1-8).

[20] Ibid., Forty-sixth Session, Supplement No. 7 and addenda (A/46/7 and Add.1-16), document A/46/7/Add.9.

[21] Ibid., Fiftieth Session, Supplement No. 7 and corrigendum (A/50/7 and Corr.1), para. 76.

[22] Ibid., para. 77.

[23] Official Records of the Economic and Social Council, 1995, Supplement No. 14 (E/1995/34), annex I.